METZ LEWIS BRODMAN MUST O'KEEFE ILC

11 Stanwix Street 18th Floor Pittsburgh, Penosylvania 15222 T:412.918.1100 F:412.918.1199 www.metzlewis.com

January 20, 2011



GERRI L. SPERLING

Anthony Paduano, Esquire Paduano & Weintraub 1251 Avenue of the Americas Ninth Floor New York, New York, 10020

Pharmacy Matters and William Griffis - threatened claim against RE: Highmark Blue Cross Blue Shield

Dear Mr. Paduano:

This letter is in response to your letter of January 5, 2011 to Maureen Hogel, Chief Legal Officer of Highmark Blue Cross Blue Shield ("Highmark") in which you threaten legal action against Highmark if it does not pay claims totaling \$330,318.00 that your client, Pharmacy Matters, submitted for payment to Wellmark Blue Cross Blue Shield ("Wellmark"). For the reasons set forth below, Highmark has no obligation to pay these claims and will not do so.

Your letter does not reference the ongoing litigation between Pharmacy Matters and Wellmark, but as you well know, the claims that comprise your \$330,318.00 demand from Highmark are encompassed in that litigation presently pending in state court in Iowa. As you also know from your representation of Pharmacy Matters in the pending Iowa litigation, although Mr. Griffis, who you purport to represent, is a member of Highmark, Pharmacy Matters is an Iowa provider with a participating provider agreement with Wellmark. Pharmacy Matters appropriately submitted its claims for Factor VIII that it allegedly provided to Mr. Griffis to Wellmark.

As you have learned in through the numerous depositions and responses to document requests in the Wellmark litigation, under the BlueCard program, when a member of one plan receives services from an out-of-area provider, that provider submits the claim for services to the Blue Cross plan in the state in which the out-of-area provider is located, which, for Pharmacy Matters, is Wellmark. Wellmark, as the host plan, adjudicates the claim and forwards its adjudication to the home plan, which cannot override the determination of the home plan.

Pursuant to Pharmacy Matters' agreement with Wellmark, Pharmacy Matters has agreed that it cannot seek payment from Blue Cross Plan members for claims for services denied by Wellmark for fraud. Accordingly, Mr. Griffis has not suffered any harm, and does not have a legally cognizable claim against

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Highmark. And as for Pharmacy Matters, it has already availed itself of its legal remedy; that is, its lawsuit against Wellmark. Simply stated, because of Pharmacy Matters' contractual relationship with Wellmark and the terms of that agreement, Pharmacy Matters does not have a viable claim against Highmark directly.

We trust that Pharmacy Matters and Mr. Griffis will refrain from filing frivolous lawsuits against Highmark. If you have any questions or wish to discuss this matter further, please contact me.

Very truly yours,

 Gerri L. Sperling